



Amajuba District Municipality
Annual Financial Statements
for the year ended 30 June 2012



Amajuba District Municipality

Annual Financial Statements for the year ended 30 June 2012

General Information

Legal Form of Entity	Municipality
Legislation Governing the Municipality's	Municipal Finance Management Act (Act No.56 of 2003)
Operational	
Executive Committee	
Mayor	Mrs. JCN Khumalo
Deputy Mayor	Councillor MN Majola
Executive Committee -Engineering	Councillor NA Zwane
Executive Committee -Corporate Services	Councillor EM Zungu
Executive Committee -Planning & Economic Development	Councillor SB Hlatshwayo
Speaker	Councillor EM Sigasa
Grading of local authority	Grade 3
Auditors	Auditor General
Bankers	ABSA Public Sector
Registered office	B9356 Section 1 Madadeni Newcastle 2951
Postal address	Private Bag X6615 Newcastle 2940
Members of Council	Councillor FS Tsotetsi Councillor TA Chonco Councillor NS Matthews Councillor MS Mlangeni Councillor NA Msibi Councillor TM Mhlongo Councillor VR Hlatshwayo Councillor SB Harber Councillor MA Buthelezi Councillor MP Sithole Councillor JME Damons Councillor MA Gama Councillor SD Msibi Councillor SJ Zulu Councillor S Kubheka Councillor DRF Buthelezi Councillor MN Mbokazi
Acting Municipal Manager	Mr Linda M Africa
Chief Financial Officer (CFO)	Mr Linda M Africa

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Abbreviations

MSIG	Municipal Systems Improvement Grant
DWA	Department of Water Affairs
DBSA	Development Bank of South Africa
IGRAP	Interpretation of GRAP
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
WCA	Workmens Compensation Act
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
EPWP	Extended Public Works Programme
LED	Local Economic Development
MEC	Member of the Executive Council
MfMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

Annual Financial Statements for the year ended 30 June 2012

Amajuba District Municipality

The Amajuba District Municipality is situated at the Amajuba Building, B 9356, Madadeni, is a category C Municipality established in terms of section 12 (1) of the Municipal Structures Act, No. 117 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government Operations of the Municipality are assigned by Section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act.

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the Provincial and National Government for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Provincial and National Governments have neither the intention nor the need to liquidate or curtail materially the scale of funding of the municipality.

The annual financial statements set out on pages 5 to 38, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012 and were signed on its behalf by:

Mr. Linda M. Africa
Acting Municipal Manager

Amajuba District Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

	2012	Restated 2011	
	R	R	Note(s)
Assets			
Current Assets			
Receivables from exchange transactions	231 976	659 562	7
VAT receivable	7 840 263	3 927 227	8
Prepayments	-	2 007 140	6
Cash and cash equivalents	7 531 720	1 401 263	9
Non-Current Assets			
Property, plant and equipment	62 186 402	64 719 807	3
Intangible assets	211 930	513 065	4
Investment in Associate	744 474 666	775 117 417	5
Total Assets	806 872 998	840 350 289	
	822 476 957	848 345 481	
Liabilities			
Current Liabilities			
Payables from exchange transactions	28 774 477	40 194 945	13
Unspent conditional grants and receipts	40 438 960	22 398 286	11
Provisions	1 612 263	1 580 639	12
Bank overdraft	-	13 049 866	9
Non-Current Liabilities			
Finance lease obligation	-	17 161	10
Total Liabilities	70 825 700	77 223 736	
Net Assets	751 651 257	771 104 584	
Net Assets	751 651 257	771 104 584	
Accumulated surplus	751 651 257	771 104 584	

Amajuba District Municipality			
Annual Financial Statements for the year ended 30 June 2012			
Statement of Financial Performance			
	2012	Note(s)	Restated 2011
	R		R
Revenue	125 749 583		128 054 586
Other income	303 013		56 997 981
Operating expenses	(121 731 959)		(197 232 543)
Operating surplus (deficit)	4 320 637	17	(12 179 976)
Investment revenue	940 102	20	1 849 253
Finance costs	-	22	(5 586)
Surplus (deficit) for the year	5 260 739		(10 336 309)

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
	R	R
Balance at 01 July 2010	857 663 873	857 663 873
Changes in net assets		
Share of loss of associate	(20 526 959)	(20 526 959)
Current year adjustments	(55 803 473)	(55 803 473)
Net income (losses) recognised directly in net assets	(76 330 432)	(76 330 432)
Surplus for the year	(10 336 309)	(10 336 309)
Total recognised income and expenses for the year	(86 666 741)	(86 666 741)
Other 1	107 452	107 452
Total changes	(86 559 289)	(86 559 289)
Balance at 01 July 2011 (Restated)	781 463 001	781 463 001
Changes in net assets		
Other - PY Balance Correction	(4 429 732)	(4 429 732)
Net income (losses) recognised directly in net assets	(4 429 732)	(4 429 732)
Surplus for the year	5 260 739	5 260 739
Total recognised income and expenses for the year	831 007	831 007
Share of Loss in Associate	(30 642 751)	(30 642 751)
Total changes	(29 811 744)	(29 811 744)
Balance at 30 June 2012	751 651 257	751 651 257

Cash Flow Statement

	2012	Restated 2011	Note(s)	
	R	R		
Cash flows from operating activities				
Receipts				
Grants	143 351 579	131 811 272		
Interest income	940 102	1 849 253		
Other receipts	303 013	566 173		
Other cash item	-	-		
	144 594 694	134 226 698	26	
Payments				
Employee costs	(38 033 788)	(35 489 821)		
Suppliers	(85 642 237)	(161 676 715)		
Finance costs	-	(5 586)		
Other payments	(4 483 028)	(3 885 817)		
	(128 159 053)	(201 057 939)		
Net cash flows from operating activities	16 435 641	(66 831 241)	25	
Cash flows from investing activities				
Purchase of property, plant and equipment	(2 636 688)	(15 651 795)	3	
Proceeds from sale of property, plant and equipment	-	184 633	3	
Purchase of other intangible assets	(166 193)	-	4	
Other cash item	-	16 453 334	26	
	(2 802 887)	986 172		
Net cash flows from investing activities	(2 802 887)	986 172		
Cash flows from financing activities				
Finance lease payments	(17 161)	(96 136)		
Movement in Investments	5 564 730	-		
Net cash flows from financing activities	5 547 569	(96 136)		
Net increase/(decrease) in cash and cash equivalents	19 180 323	(65 941 205)		
Cash and cash equivalents at the beginning of the year	(11 648 603)	54 292 602		
Cash and cash equivalents at the end of the year	7 531 720	(11 648 603)	9	

Accounting Policies

Amajuba District Municipality
Annual Financial Statements for the year ended 30 June 2012

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand which is the functional currency of the municipality.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Jointly controlled entities

The municipality include separate line items for its share of the assets, liabilities, revenue and expenses of the jointly controlled entity in its consolidated annual financial statements.

The municipality's proportionate share of inter-entity balances and transactions, and resulting surpluses and deficits between the municipality and jointly controlled entities are eliminated on consolidation.

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with Standard of GRAP on Non-current Assets Held-For-Sale and Discontinued Operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the municipality's share of net assets of the jointly municipality, less any impairment losses. Surpluses and deficits on transactions between the municipality and a joint venture are eliminated to the extent of the municipality's interest therein.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.3 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	10 - 15 years
Furniture and fixtures	7 - 10 years
Motor vehicles	10 - 15 years
• Specialised Vehicles	5 years
• Other Vehicles	3 - 7 years
Office equipment	3 years
IT equipment	3 years
Computer software	10 years
Infrastructure	20 - 30 years
• Water and Sewerage	30 years
• Recreational Facilities	2 - 5 years
• Buildings	5 years
Other property, plant and equipment	
Bins and containers	

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Accounting Policies

1.4 Intangible assets (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
------	-------------

Computer software, internally generated	3 years
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to that arising in a defined contribution retirement benefit plan.

Defined benefit plans

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

To the extent that, at the beginning of the financial period, any cumulative unrecognized actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognized actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

1.7 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Accounting Policies

1.7 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.8 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.9 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Accounting Policies

1.9 Revenue from non-exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier. When government remit grants on a re-imbursment basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.10 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.11 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.13 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Accounting Policies

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.17 Presentation of currency

These annual financial statements are presented in South African Rand.

1.18 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.19 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

Accounting Policies

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 33&38.

1.22 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Amajuba District Municipality
Annual Financial Statements for the year ended 30 June 2012
Notes to the Annual Financial Statements

2012	R
Restated	R
2011	

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities	01 April 2011	
• IGRAP 3: Determining Whether an Arrangement Contains a Lease	01 April 2011	
• IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	01 April 2011	
• IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	01 April 2011	
• IGRAP 6: Loyalty Programmes	01 April 2011	
• IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions	01 April 2011	
• IGRAP 9: Distributions of Non-cash Assets to Owners	01 April 2011	
• IGRAP 10: Assets Received from Customers	01 April 2011	
• IGRAP 13: Operating Leases – Incentives	01 April 2011	
• IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease	01 April 2011	
• IGRAP 15: Revenue – Barter Transactions Involving Advertising Services	01 April 2011	
• GRAP 1 (as revised 2010): Presentation of Financial Statements	01 April 2011	
• GRAP 2 (as revised 2010): Cash Flow Statements	01 April 2011	
• GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors	01 April 2011	
• GRAP 4 (as revised 2010): The Effects of Changes in Foreign Exchange Rates	01 April 2011	
• GRAP 9 (as revised 2010): Revenue from Exchange Transactions	01 April 2011	
• GRAP 10 (as revised 2010): Financial Reporting in Hyperinflationary Economies	01 April 2011	
• GRAP 11 (as revised 2010): Construction Contracts	01 April 2011	
• GRAP 12 (as revised 2010): Inventories	01 April 2011	
• GRAP 13 (as revised 2010): Leases	01 April 2011	
• GRAP 14 (as revised 2010): Events After the Reporting Date	01 April 2011	
• GRAP 16 (as revised 2010): Investment Property	01 April 2011	
• GRAP 17 (as revised 2010): Property, Plant and Equipment	01 April 2011	
• GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets	01 April 2011	
• GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations	01 April 2011	
• GRAP 105: Transfers of functions between entities under common control	01 April 2011	

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2012

Amajuba District Municipality

	2012	Restated 2011
R		
R		

3. Property, plant and equipment

	2012	2011
Cost /	Accumulated depreciation and impairment	Carrying value
Valuation	Cost /	Accumulated depreciation and impairment
Carrying value	Valuation	Carrying value
Buildings	45 579 234	41 458 210
Plant and machinery	8 108 736	5 673 272
Furniture and fixtures	2 191 373	1 037 434
Motor vehicles	6 523 146	2 461 160
Office equipment	4 833 706	2 367 952
Park facilities	13 346 286	11 721 779
Water network	146 022	-
Total	80 728 503	64 719 807

Reconciliation of property, plant and equipment - 2012

Opening balance	41 458 210	47 689	(1 522 325)	-	39 983 574
Buildings					
Plant and machinery	5 681 882	255 149	(1 133 267)	-	4 803 764
Furniture and fixtures	1 048 791	87 500	(252 430)	(5 312)	878 549
Motor vehicles	2 461 160	765 378	(789 991)	(10 552)	2 425 995
Office equipment	2 367 952	472 956	(905 094)	(87 007)	1 848 807
Park facilities	11 721 779	1 008 016	(625 773)	-	12 104 022
Water network	141 691	-	-	-	141 691
Depreciation	2 636 688	(5 228 880)	(102 871)		62 186 402
Impairment loss					
Total	64 881 465	2 636 688	(5 228 880)	(102 871)	62 186 402

Reconciliation of property, plant and equipment - 2011

Opening balance	35 624 101	9 907 443	(4 073 334)	41 458 210
Buildings				
Plant and machinery	3 459 078	4 395 830	(2 173 026)	5 681 882
Furniture and fixtures	1 788 713	320 471	(1 060 393)	1 048 791
Motor vehicles	5 499 899	268 421	(3 307 160)	2 461 160
Office equipment	3 688 127	759 630	(2 079 805)	2 367 952
Park facilities	12 338 270	-	(616 491)	11 721 779
Water network	146 022	-	(4 331)	141 691
Additions	15 651 795	(13 314 540)		64 881 465
Depreciation				
Total	62 544 210	15 651 795	(13 314 540)	64 881 465

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2012

Amajuba District Municipality

	2012	Restated 2011
6. Prepayments		
Halleluya Entertainment	2011 Kwanaaloga games acommodation	580 964
Central Route Media TR	2011 Kwanaaloga games acommodation	950 795
Lindinhlanhla Business	2011 Kwanaaloga games acommodation	475 380
		2 007 139

7. Receivables from exchange transactions

Sundry debtors	231 976	659 562
8. VAT receivable		
VAT	7 840 263	3 927 227
VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS.		

9. Cash and cash equivalents

Cash and cash equivalents included in the statement of financial position comprise the following statement of amounts indicating financial position:

Petty cash	3 000	3 006
Bank balances	735 501	-
Call investment deposits	6 793 219	1 398 257
Bank overdraft	-	(13 049 866)
Current assets	7 531 720	(11 648 603)
Current liabilities	7 531 720	1 401 263
	-	(13 049 866)
Current liabilities	7 531 720	(11 648 603)

No cash and cash equivalents (or portions thereof) were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Credit quality of cash at bank and short term deposits, excluding cash on hand.

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Amajuba District Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2012	Restated 2011
R	R

9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
ABSA BANK - Cheque Account -	735 501	(13 049 866)	1 082 716	735 501	(13 049 866)	1 082 716
ABSA BANK - 32 Day Notice -	1 284 101	1 284 101	-	1 284 101	-	-
907 431 6117	-	-	-	-	-	-
STANDARD BANK - 32 Day	120 016	114 156	-	114 156	-	-
Notice - 068 448 3090 02	-	-	-	-	-	-
FIRST NATIONAL BANK - 90	5 389 102	-	-	-	-	-
Day Fixed - 743 545 87212	-	-	-	-	-	-
Total	7 528 720	(11 651 609)	1 082 716	2 133 758	(13 049 866)	1 082 716

10. Finance lease obligation

Capitalised Lease Liability	17 161	-
Sub-Total	17 161	-
Less: Current Portion Transferred to Current Liabilities	(17 161)	-
Capitalised Lease Liability	(17 161)	-
Total External Loans	-	-
Minimum lease payments due	-	-
- within one year	17 161	-
less: future finance charges	17 161	-
Present value of minimum lease payments	(17 161)	-

It is municipality policy to lease certain [property]motor vehicles and equipment under finance leases.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2012

Amajuba District Municipality

	2012	Restated 2011
	R	R

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	
MIG Grant	18 137 846
Emadlangeni bulk water grant	-
Shared services grant	799 969
2010 Sports Stadia Grant - Monte Vista	7 422 040
Sports & recreation grant	2 310 000
National lottery grant	3 116 000
Inter-government relation grant	417 000
Governance Expert Grant	436 271
Department of Public Works grant	1 210 000
Massification grant	1 978 000
Road Asset Management System Grant	1 304 872
Skills Development Grant	226 128
Boreholes Maintenance Grant	986 651
COGTA Groundwater Maintenance Grant	1 089 263
Finance Management Grant	1 004 920
	<u>40 438 960</u>
	22 398 286

Movement during the year

Balance at the beginning of the year
Additions during the year
Income recognition during the year

25 192 652	143 351 579	22 398 286
129 125 070	(125 310 905)	40 438 960
(131 919 436)		22 398 286

Refer to Appendix G for a reconciliation of Conditional Grants and Receipts from National and Provincial Government and Other Donations and Public Contributions.

12. Provisions

Reconciliation of provisions - 2012

Staff leave	Opening	569 538	790 413	Utilised during the year	Reversed	Total
Performance bonuses	Balance	1 011 101	-	-	(323 969)	925 131
	Additions	-	790 413	(434 820)	-	687 132
	Utilised during the year	-	-	-	(323 969)	1 612 263
	Balance	1 580 639	790 413	(434 820)	(323 969)	1 612 263

Reconciliation of provisions - 2011

Staff leave	Opening	832 186	405 751	Utilised during the year	Total
Performance bonuses	Balance	605 350	405 751	-	569 538
	Additions	-	405 751	(262 648)	1 011 101
	Utilised during the year	-	-	(262 648)	1 580 639
	Balance	1 437 536	405 751	(262 648)	1 580 639

Performance bonuses are paid to employees subject to certain conditions. The provision is a calculation of the amount due to employees at the reporting date. Performance bonuses are measured at face value as it is expected that these would normally be paid shortly after the financial year end once performance evaluations have been completed.

Amajuba District Municipality
Annual Financial Statements for the year ended 30 June 2012
Notes to the Annual Financial Statements

	2012	Restated 2011
	R	R
13. Payables from exchange transactions		
Trade payables	19 948 835	30 017 589
Retentions	8 438 368	9 350 282
Other creditors	387 274	827 074
	<u>28 774 477</u>	<u>40 194 945</u>

Amajuba District Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2012	Restated 2011
R	R

14. Government grants and subsidies

Equitable share	44 873 000	26 110 325
DWAF Water operating subsidy	1 585 000	-
Operating projects grant	33 897 896	47 538 263
Levies replacement grant	43 698 000	52 220 649
MSIG grant	790 000	750 000
Finance management grant	245 080	1 000 000
Skills development grant	-	8 847
Water demand management	235 729	-
Road asset management	382 128	-
Tourism signage development grant	42 750	-
Gambling board subsidy	-	426 502
	125 749 583	128 054 586

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant

Balance unspent at beginning of year	5 095 060	5 095 060
Current-year receipts	41 211 000	-
Conditions met - transferred to revenue	(28 168 214)	-
	18 137 846	5 095 060

Conditions still to be met - remain liabilities (see note 11).

Emadlangeni Bulk Water Supply

Balance unspent at beginning of year	1 333 038	1 333 038
Current-year receipts	8 746 100	-
Conditions met - transferred to revenue	(5 615 308)	-
	4 463 830	1 333 038

Conditions still to be met - remain liabilities (see note 11).

Tourism Signage

Balance unspent at beginning of year	799 969	799 969
--------------------------------------	---------	---------

Conditions still to be met - remain liabilities (see note 11).

2010 Base Camp and Academy (Monte Vista)

Balance unspent at beginning of year	8 811 948	8 811 948
Conditions met - transferred to revenue	(1 389 908)	-
	7 422 040	8 811 948

Conditions still to be met - remain liabilities (see note 11).

Sports and Recreation Grant

Current-year receipts	1 365 000	-
Other	945 000	-

Notes to the Annual Financial Statements

Amajuba District Municipality
Annual Financial Statements for the year ended 30 June 2012

	2012	Restated 2011
14. Government grants and subsidies (continued)		
	2 310 000	-
Conditions still to be met - remain liabilities (see note 11).		
National Lottery		
Balance unspent at beginning of year	3 116 000	3 116 000
Conditions still to be met - remain liabilities (see note 11).		
Inter-Governmental Relations Grant		
Balance unspent at beginning of year	417 000	417 000
Conditions still to be met - remain liabilities (see note 11).		
Governance Expert Grant		
Balance unspent at beginning of year	436 271	436 271
Conditions still to be met - remain liabilities (see note 11).		
Public Works (EPWP) Grant		
Balance unspent at beginning of year	411 000	411 000
Current-year receipts	799 000	-
Conditions still to be met - remain liabilities (see note 11).	1 210 000	411 000
Massification Grant		
Balance unspent at beginning of year	1 978 000	1 978 000
Conditions still to be met - remain liabilities (see note 11).		
WC/MWD Management Grant		
Current-year receipts	770 000	-
Conditions met - transferred to revenue	(770 000)	-
Conditions still to be met - remain liabilities (see note 11).	-	-
WSDP Grant		
Current-year receipts	512 025	-
Conditions met - transferred to revenue	(512 025)	-
Conditions still to be met - remain liabilities (see note 11).	-	-
Road Asset Management System Grant		

Notes to the Annual Financial Statements

	2012	Restated 2011
14. Government grants and subsidies (continued)		
Current-year receipts	1 687 000	-
Conditions met - transferred to revenue	(382 128)	-
Conditions still to be met - remain liabilities (see note 11).	1 304 872	-
15. Other revenue		
Sundry income	303 013	56 813 348
16. General expenses		
Advertising	322 138	697 834
Assessment rates & municipal charges	149 786	305 002
Auditors remuneration	812 984	1 402 565
Bank charges	300 453	276 772
Cleaning	414 111	354 508
Consulting and professional fees	701 397	2 754 288
Entertainment	122 842	569 275
Insurance	345 671	266 137
Conferences and seminars	101 619	232 055
IT expenses	2 475	104 618
Audit Committee Costs	377 415	88 453
Lease rentals on operating lease	377 019	250 537
Fleet	312 943	282 744
Internal Audit Fees	842 830	139 641
Levies - SALGA	208 815	614
Magazines, books and periodicals	4 137	76 630
Placement fees	4 050	11 700
Postage and courier	3 430	5 720
Printing and stationery	159 261	356 526
Promotions	99 338	1 939 205
Protective clothing	-	11 591
License fees	311 562	136 578
Telephone and fax	1 588 803	1 238 269
Training	199 835	364 051
Travel - local	1 297 287	2 018 944
Electricity	662 022	524 389
Water	-	398
Tourism development	185 492	614 351
Other operating expenses	3 001 429	6 507 283
Grant Funded Expenditure	37 672 280	52 320 205
LED Projects Cost	631 339	7 497 027
Sports Development Programmes	2 178 826	5 331 501
Disaster Management Programmes	427 710	1 891 681
WSP Contributions	9 440 307	14 524 433
Social Development Programmes	2 732 742	47 229 240
17. Operating surplus (deficit)	65 992 348	150 324 765

Operating surplus (deficit) for the year is stated after accounting for the following:

Amajuba District Municipality Annual Financial Statements for the year ended 30 June 2012 **Notes to the Annual Financial Statements**

2012	R
Restated	2011
	R

17. Operating surplus (deficit) (continued)

Operating lease charges		
Equipment		
• Contractual amounts	377 019	250 537
Gain on sale of property, plant and equipment	-	184 633
Depreciation on property, plant and equipment	5 419 947	4 420 665
Employee costs	38 033 788	35 489 821
Remuneration of Councillors	4 222 946	3 885 817

Notes to the Annual Financial Statements

	2012	Restated 2011
	R	R

18. Employee related costs

Basic	25 504 466	27 234 941
Bonus	2 777 309	2 188 970
Medical aid - company contributions	1 159 569	1 068 721
UIF	127 973	127 757
WCA	465 102	-
SDL	346 472	317 663
Other payroll levies	147 891	143 545
Leave pay provision charge	790 413	569 538
Post-employment benefits - Pension - Defined contribution plan	2 395 532	2 242 042
Travel, motor car, accommodation, subsistence and other allowances	3 800 616	1 248
Overtime payments	292 429	1 449 238
Housing benefits and allowances	219 287	141 865
Bargaining council contribution	6 729	4 293
38 033 788		35 489 821

Remuneration of Municipal Manager

Annual Remuneration	559 017	-
Car Allowance	232 160	-
Other	137 293	-
928 470		-

The Municipal Manager has been in the employ of the municipality for 10 months of the financial year.

Remuneration of Chief Financial Officer

Annual Remuneration	462 833	-
Car Allowance	59 500	-
Other	11 671	-
534 004		-

The Chief Financial Officer has been in the employ of the municipality for 7 months of the financial year.

Corporate services

Annual Remuneration	425 338	658 827
Car Allowance	181 906	-
Performance Bonuses	-	97 844
Other	94 976	92 881
702 220		849 552

Director of Engineering services

Annual Remuneration	274 940	658 827
Car Allowance	57 500	-
Performance Bonuses	-	97 844
332 440		756 671

The Director: Engineering Services has been in the employ of the municipality for 5 months of the financial year.

Director of development planning

Amajuba District Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

	2012	Restated 2011
18. Employee related costs (continued)		
Annual Remuneration	425 070	658 827
Car Allowance	-	-
Performance Bonuses	215 329	97 844
Other	61 821	-
	702 220	756 671
Director of Community Services		
Annual Remuneration	-	658 827
Performance Bonuses	-	97 844
Acting Allowance	-	178 538
	-	935 209
19. Remuneration of councillors		
Mayor	647 583	434 417
Deputy Mayor	403 161	64 745
Executive Committee Members	728 251	1 000 037
Speaker	508 361	280 892
Councillors	1 935 590	2 105 726
	4 222 946	3 885 817
20. Investment revenue		
Interest revenue	940 102	1 849 253
21. Depreciation and amortisation		
Property, plant and equipment	5 419 947	4 420 665
22. Finance costs		
Other interest paid	-	5 586
23. Auditors' remuneration		
Fees	812 984	1 402 565
24. Contracted services		
Information Technology Services	37 249	9 418
Security Services	1 769 281	1 199 268
Water Tanker Services	5 205 290	-
Hygiene Services	19 158	53 900
	7 030 978	1 262 586

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2012

Amajuba District Municipality

	2012	Restated 2011
25. Cash generated from (used in) operations		
Surplus (deficit)	5 260 739	(10 336 309)
Adjustments for:		
Depreciation and amortisation	5 419 947	4 420 665
Profit on sale of assets	-	(184 633)
Movements in provisions	31 624	(1 849 253)
Contributions from Reserves - Current	-	(51 640 698)
Changes in working capital:		
Receivables from exchange transactions	427 586	-
Consumer debtors	-	332 617
Prepayments	-	-
Payables from exchange transactions	2 007 140	-
VAT	(11 420 468)	-
Unspent conditional grants and receipts	(3 331 601)	(5 101 072)
Trade Payables	18 040 674	2 794 366
Interest payable	-	(5 261 347)
	-	(5 577)
	16 435 641	(66 831 241)

26. Other cash item 1

27. Commitments

Authorised capital expenditure

Already contracted for and provided

• Property, plant and equipment

Not yet contracted for and authorised by Council

• Property, plant and equipment

This committed expenditure relates to projects and will be financed by conditional grants and funds internally generated

28. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Notes to the Annual Financial Statements

Annual Financial Statements for the year ended 30 June 2012

Amajuba District Municipality

Restated 2011 R	2012 R
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28. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits and cash equivalents. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

29. Going concern

We draw attention to the fact that at 30 June 2012, while the municipality had total accumulated surpluses of R 751 651 257, the current liabilities exceeded the current assets by R55 221 741 and that the available cash resources did not cover the commitments for unspent conditional grants with an amount of R32 907 240 uncovered.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that both Provincial and National government have neither the intention nor the need to liquidate or curtail materially the scale of funding of the municipality.

30. Events after the reporting date

The Section 139 intervention that was imposed by the MEC of COGTA in the province on the water entity uThukela Water (Pty) Ltd was lifted. This means that the WSAs, of which Amajuba District Municipality is one, must now exercise full responsibility as WSAs. There is discussion going on on dissolution of the entity and the WSAs resuming full responsibility on the water and sanitation function.

31. Unauthorised expenditure

Unauthorised expenditure

32. Irregular expenditure

Opening balance
Add: Irregular Expenditure - current year

Details of irregular expenditure - current year

Current year
Prior years

384 421	62 844 406
-	63 228 827
-	-

Analysis of expenditure awaiting condonation (under investigation)

62 844 406	63 228 827
20 946 188	384 421
41 898 218	62 844 406

33. Reconciliation between budget and statement of financial performance

Overpayment of Councilor Allowances
Disciplinary steps taken/criminal proceedings
None - pending MEC directive

384 421

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus (deficit) per the statement of financial performance	5 260 739	(10 336 309)
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Notes to the Annual Financial Statements

Amajuba District Municipality
Annual Financial Statements for the year ended 30 June 2012

	2012	Restated 2011
	R	R

34. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	208 815	183 468
Amount paid - current year	(208 815)	(183 468)
	-	-

Audit fees

Current year subscription / fee	812 984	1 402 565
Amount paid - current year	(812 984)	(1 402 565)
	-	-

PAYE and UIF

Current year subscription / fee	7 095 245	-
Amount paid - current year	(7 095 245)	-
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	3 378 586	3 310 762
Amount paid - current year	(3 378 586)	(3 310 762)
	-	-

VAT

VAT receivable

	7 840 263	3 927 227
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All VAT returns have been submitted by the due date throughout the year.

Supply chain management regulations (SCM Deviations)

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/conceded by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

Purchase of Mayoral Vehicle	750 000	-
Emergency Supply of Water - Emdlangeni	225 896	-
Assessment of Water Sources, Drilling of production boreholes and Geological Services	1 122 140	-
IDP/Budget Roadshows Event Management	1 075 000	-
Security services - temporary	494 264	-
Acquisition and Commissioning of CaseWare	141 257	-
SALGA Games - Catering and Transport	303 700	-
Extension of PABX System for new building	87 780	-
Other	32 833	41 898 218
	4 232 870	41 898 218

Refer to Appendix G for additional information

Notes to the Annual Financial Statements

Amajuba District Municipality
Annual Financial Statements for the year ended 30 June 2012

Restated 2011 R	2012 R
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35. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

36. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix B for the comparison of actual capital expenditure versus budgeted expenditure.

37. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The services and goods as detailed above were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The deviations were reported to Council and ratified by Council as per the municipality's Supply Chain Management Policy.

Amajuba District Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

38. Statement of comparative and actual information

2012	Original budget	Budget adjustments (i.e. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget of orig budg
Financial Performance						
Service charges	8 705 000	8 705 000	8 705 000	-	8 705 000	- %
Investment revenue	2 000 000	200 000	200 000	940 102	(740 102)	470 %
Transfers recognised - operational	92 138 000	94 893 000	94 893 000	125 749 583	(30 856 583)	133 %
Other own revenue	5 225 000	270 000	270 000	303 013	(33 013)	112 %
Total revenue (excluding capital transfers and contributions)	108 068 000	104 068 000	104 068 000	126 992 698	(22 924 698)	122 %
Employee costs	(39 977 000)	(36 115 000)	(36 115 000)	(38 033 788)	1 918 788	105 %
Remuneration of councillors	(4 646 000)	(5 532 000)	(5 532 000)	(4 222 946)	(1 309 054)	76 %
Depreciation and asset impairment	(1 318 000)	(1 758 000)	(1 758 000)	(5 419 947)	3 661 947	308 %
Other expenditure	(61 027 000)	(42 706 000)	(42 706 000)	(74 055 278)	31 349 278	173 %
Total expenditure	(106 968 000)	(86 111 000)	(86 111 000)	(121 731 959)	35 620 959	141 %
Surplus/(Deficit)	1 100 000	17 957 000	17 957 000	5 260 739	12 696 261	29 %

Amajuba District Municipality

Annual Financial Statements for the year ended 30 June 2012

Detailed Income statement

	2012	2011
	R	R
Revenue		
Government grants & subsidies	14	128 054 586
Sundry Revenue	20	56 813 348
Interest received - investment	20	1 849 253
Gains on disposal of assets	20	184 633
Total Revenue	126 992 698	186 901 820
Expenditure		
Employee Related Costs	18	(38 033 788)
Remuneration of councillors	19	(4 222 946)
Depreciation and amortisation	21	(5 419 947)
Finance costs	22	-
Repairs and maintenance		(1 031 952)
Contracted services	24	(7 030 978)
General Expenses	16	(13 749 326)
Grant Funded Expenditure		(37 259 807)
LED Projects Cost		(631 340)
Sports Development Programmes		(2 178 826)
WSP Contribution		(9 440 307)
Social Development Programmes		(2 732 742)
Total Expenditure	(121 731 959)	(197 238 129)
Surplus (deficit) for the year	5 260 739	(10 336 309)

Appendix A
June 2012

Schedule of external loans as at 30 June 2012

	Loan Number	Redeemable	Balance at	Received	Redeemed	Balance at	Carrying	Other Costs
			30 June 2011	during the period	written off during the period	30 June 2012	Value of Property, Plant & Equip	in accordance with the MFMA
			Rand	Rand	Rand	Rand	Rand	Rand
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability								
Finance lease : 71836458	71836458	30/08/2012	17 161	-	17 161	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			17 161	-	17 161	-	-	-
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
Total external loans			-	-	-	-	-	-
Loan Stock			-	-	-	-	-	-

Appendix A

June 2012

Schedule of external loans as at 30 June 2012

Loan Number	Redeemable Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
	Rand	Rand	Rand	Rand	Rand	Rand
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17 161	-	-	17 161	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17 161	-	-	-	-	-	-

- Structured loans
- Funding facility
- Development Bank of South Africa
- Bonds
- Other loans
- Lease liability
- Annuity loans
- Government loans

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in Progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	22 979 504	47 690	-	-	-	-	23 027 194	(1 682 064)	-	-	(769 048)	-	(2 451 112)	20 576 082
Recreational facilities	12 338 270	1 006 016	-	-	-	998 939	14 345 225	(616 491)	-	-	(625 773)	-	(1 242 264)	13 102 961
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	35 317 774	1 055 706	-	-	-	998 939	37 372 419	(2 298 555)	-	-	(1 394 821)	-	(3 693 376)	33 679 043

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in Progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General vehicles	5 769 921	754 825	-	-	-	-	6 523 146	(3 307 160)	-	-	(789 991)	(10 553)	(4 107 704)	2 415 442
Plant & equipment	7 645 600	233 629	-	-	-	-	8 099 429	(2 172 328)	-	-	(1 132 644)	-	(3 304 972)	4 794 457
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	2 109 184	82 189	-	-	-	-	2 191 373	(1 060 393)	-	-	(252 431)	(5 312)	(1 318 136)	873 237
Office Equipment	4 447 757	385 949	-	-	-	-	4 833 706	(2 079 805)	-	-	(905 094)	(87 007)	(3 071 906)	1 761 800
Office Equipment - Leased Buildings	22 552 040	-	-	-	-	-	22 552 040	(2 391 270)	-	-	(753 276)	-	(3 144 548)	19 407 492
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	9 307	-	-	-	-	-	9 307	(698)	-	-	(623)	-	(1 321)	7 986
	42 732 209	1 476 792	-	-	-	-	44 209 001	(11 011 654)	-	-	(3 834 061)	(102 872)	(14 948 587)	29 260 414

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012 Cost/Revaluation

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in Progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
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Accumulated depreciation

Total property plant and equipment	78 049 983	2 532 498	-	-	-	998 939	81 581 420	(13 310 209)	-	(5 228 882)	(102 872)	(18 641 963)	62 939 457
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Computers - software & programming	1 154 888	166 199	-	-	-	-	1 321 087	(641 823)	-	(191 067)	-	(832 890)	488 197
Other	1 154 888	166 199	-	-	-	-	1 321 087	(641 823)	-	(191 067)	-	(832 890)	488 197
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	35 317 774	1 055 706	-	-	-	998 939	37 372 419	(2 298 555)	-	(1 394 821)	-	(3 693 376)	33 679 043
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	42 732 209	1 476 792	-	-	-	-	44 209 001	(11 011 654)	-	(3 834 061)	(102 872)	(14 948 587)	29 260 414
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	1 154 888	166 199	-	-	-	-	1 321 087	(641 823)	-	(191 067)	-	(832 890)	488 197
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	79 204 871	2 698 697	-	-	-	998 939	82 902 507	(13 952 032)	-	(5 419 949)	(102 872)	(19 474 853)	63 427 654

Appendix B

Analysis of property, plant and equipment as at 30 June 2012 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticalation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticalation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2012 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings														
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-

June 2012

Segmental analysis of property, plant and equipment as at 30 June 2010	Cumulative Depreciation
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[illegible]

Municipality

Executive & Council	752 712	44 520	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Municipal Owned Entities

79 204 873	2 698 696	-	998 939	82 902 508	(13 952 032)	-	-	(5 419 947)	(102 872)	(19 474 851)	63 427 667
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Total

[illegible]Municipality
Municipal Owned Entities

79 204 873	2 698 696	-	-	998 839	82 902 508	(13 952 032)	-	-	(5 419 947)	(102 872)	(19 474 861)	63 427 657
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Appendix C

June 2012

Segmental analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation

Accumulated Depreciation

Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Work in Progress Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
79 204 873	2 698 696	-	-	-	998 939	82 902 508	(13 952 032)	-	-	(5 419 947)	(102 872)	(19 474 851)	63 427 667

Prior Year

Actual Income Rand	Actual Expenditure Rand	Actual Surplus /(Deficit) Rand

Municipality

83	216	420	63	339	755	19	876	665	Executive & Council/Mayor and Council	44	877	412	24	149	467	20	727	945
56	460	659	25	863	777	30	596	882	Finance & Admin/Finance	45	480	995	22	261	556	23	219	439
3	765	508	24	538	573	(20	773	065)	Planning and Development/Economic Development/Plan	42	750	11	790	212	(11	747	462)	
-	-	-	5	491	723	(5	491	723)	Health/Clinics	-	-	3	689	578	(3	689	578)	
127	120	26	549	643	(26	422	523)	Comm. & Social/Libraries and archives	19	191	9	981	829	(9	962	638)		
-	-	-	-	-	-	-	-	Housing	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	Public Safety/Police	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	Sport and Recreation	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	Environmental Protection/Pollution	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	Control	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	Road Transport/Roads	-	-	-	-	-	-	-	-	-	
47	151	927	55	274	463	(8	122	536)	Water/Water Distribution	2	259	536	15	267	283	(13	007	747)
-	-	-	-	-	-	-	-	Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	Other/Air Transport	-	-	-	-	-	-	-	-	-	

190 721 634	201 057 934	(10 336 300)	Municipal Owned Entities
92 679 884	87 139 925	5 539 959	

Other charges						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

-		Municipality	(10 336 300)	-
-		Municipal Owned Entities	-	-
-		Other charges	-	-
-			-	-
-			-	-
-			-	-
5 539 959	87 139 925		92 679 884	-

Segmental Statement of Financial Performance for the year ended
Prior Year Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
190 721 634	201 057 934	(10 336 300) Total		92 679 884	87 139 925	5 539 959

Appendix E(1)

June 2012

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

Current year Current year	Act. Bal. 2012	Adjusted budget 2012	Variance	Var	Explanation of Significant Variances greater than 10% versus Budget
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Revenue					
Sale of goods	-	-	-	-	
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	-	-	-	-	
Service charges	-	-	-	-	
Levies	-	-	-	-	
Property rates - penalties imposed and collection	-	-	-	-	
charges	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	-	-	-	-	
Interest received (trading)	-	-	-	-	
Dividends received	-	-	-	-	
Income from agency services	-	-	-	-	
Public contributions and donations	33 524 414	-	33 524 414	-	Grant Transfers Capital not included in operational budget
Fines	-	-	-	-	
Government Grants - Equitable Share	44 873 000	44 873 000	-	-	
Government Grants - Levy Replacement Grant	43 698 000	43 698 000	-	-	
Government Grants - Operating Grants	3 654 169	6 322 000	(2 667 831)	(42.2)	Additional grant funding recognised from previous years
Municipal Revenue UD2	-	-	-	-	
Revenue 1	-	-	-	-	
Revenue 2	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	303 013	270 000	33 013	12.2	
Other income 2	-	-	-	-	
Other income 3	-	-	-	-	
Other income	-	-	-	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	-	-	-	-	

Appendix E(1)

June 2012

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2012

Current year	Current year	Adjusted	Variance	Explanation of Significant Variances
2012	2012	2012		
Act. Bal.	Adjusted			
2012	2012			
Current year	Current year			
Interest received - investment	940 102	200 000	740 102	Additional interest receipts due to balance of investments
Interest received - other	-	-	-	
Dividends received	-	-	-	
Expenses	126 992 698	104 068 000	22 924 698	22.0
Personnel	(38 033 788)	(36 115 000)	(1 918 788)	5.3 Additional increase than anticipated
Manufacturing -				
Employee costs	(4 222 945)	(5 532 000)	1 309 055	(23.7)
Remuneration of councillors				
Administration				
Transfer payments	-	-	-	
Depreciation	(5 419 947)	(1 758 000)	(3 661 947)	208.3
Impairment				
Amortisation				
Impairments				
Reversal of impairments				
Finance costs				
Debt impairment				
Collection costs				
Repairs and maintenance				
- Manufacturing expenses	(1 031 952)	(1 307 650)	275 698	(21.1)
- General				
Repairs and maintenance				
- General				
Bulk purchases				
Contracted Services	(7 030 978)	(3 450 000)	(3 580 978)	103.8 Additional expenditure incurred due to water shortages
Grants and subsidies paid				
Cost of housing sold	(14 834 966)	(12 733 750)	(2 101 216)	16.5
General Expenses	(36 172 429)	(1 475 600)	(34 696 829)	351.4 Capital transfers not included in operational budget
Other - Grant Funded	(631 340)	(2 650 000)	2 018 660	(76.2)
Other - LED Project Costs	(2 180 564)	(2 210 000)	29 436	(1.3)
Development				
Other - Sports	(9 440 307)	(17 409 000)	7 968 693	(45.8)
Other - WSP Contribution	(2 732 742)	(1 470 000)	(1 262 742)	85.9
Other - Social				
Development				
Programmes				
Other revenue and costs	(121 731 958)	(86 111 000)	(35 620 958)	41.4
Net surplus/(deficit) for the year	5 260 740	17 957 000	(12 696 260)	(70.7)

2010

Explanation of significant variances from budget

Municipality

Executive & Council/Mayor and Council
Finance & Admin/Finance
Planning and
Development/Economic
Development/Plan
Health/Clinics
Comm. & Social/Libraries and
archives
Housing
Public Safety/Police
Sport and Recreation
Environmental Protection/Pollution
Control
Waste Water
Management/Sewerage
Road Transport/Roads
Water/Water Distribution
Electricity/Electricity Distribution
Other/Air Transport

Municipal Owned Entities

[illegible]

Other charges

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts	Quarterly Expenditure	Grants and Subsidies delayed / withheld	Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun Sep Dec Mar Jun - - - - - - - - - - - - - - -	Jun Sep Dec Mar Jun - - - - - - - - - - - - - - -	Jun Sep Dec Mar Jun - - - - - - - - - - - - - - -		Yes/ No No	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts						Quarterly Expenditure						Grants and Subsidies delayed / withheld						Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun						
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	No					
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Appendix F
Disclosure:
June 2012[illegible]

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share